

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, DECEMBER 1, 2004

10:07 A.M.

Reported by:
Peter Petty
Contract No. 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

William J. Keese, Chairman

Arthur Rosenfeld

James D. Boyd

John L. Geesman

Jackalyne Pfannenstiel

STAFF and CONSULTANTS PRESENT

Robert Therkelsen, Executive Director

Jonathan Blees, Chief Counsel

Betty McCann, Secretariat

Nancy Tronaas

Joseph Wang

Pramod Kulkarni

David Chambers

PUBLIC ADVISER

Margret Kim

ALSO PRESENT

Stanley O. Van Vleck, Attorney
Kahn, Soares & Conway, LLP
representing Association of Home Appliance
Manufacturers

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P R O C E E D I N G S

10:07 a.m.

CHAIRMAN KEESE: Good morning. We'll call this meeting of the Energy Commission to order. Commissioner Boyd, would you lead us in the Pledge, please.

(Whereupon the Pledge of Allegiance was recited in unison.)

CHAIRMAN KEESE: Thank you, everyone. Items 1 and 2 are off calendar and back on on our meeting on the 15th.

Item 3, Sycamore Cogeneration Project. Possible approval of petition to allow either cogeneration or simple cycle operation and extending the license to operate.

MS. TRONAAS: Yes, good morning.

CHAIRMAN KEESE: Morning.

MS. TRONAAS: This petition will allow two of the four turbines of the Sycamore project -
- can you hear me?

CHAIRMAN KEESE: Yes, Nancy. For the record, your name?

MS. TRONAAS: Oh, sorry. I'm Nancy Tronaas, compliance project manager.

This petition will allow two of the four

1 combustion turbines to operate in either simple
2 cycle or cogeneration mode. This request came in
3 as a response to the changes in the energy demand,
4 decline in the demand for steam in the adjacent
5 oil fields. And it will allow for them to respond
6 to summertime peaking demands.

7 The petition will also modify the air
8 quality conditions of certification for
9 consistency with the Air District's revised PTO.
10 And it will reflect updated monitoring and
11 reporting requirements.

12 We also recommend the Commission extend
13 the 20-year license expiration indefinitely in
14 support of statewide projected electrical needs.

15 Staff concludes there will be no
16 significant air quality impacts because this will
17 not result in any increase in emission limits. We
18 have not received any comments on this petition or
19 our staff analysis. And it's our opinion that the
20 findings of section 1769 can be made. And we
21 recommend approval.

22 CHAIRMAN KEESE: Thank you. Any
23 questions?

24 COMMISSIONER GEESMAN: Mr. Chairman, I
25 would move the item.

1 CHAIRMAN KEESE: Motion, Geesman.

2 COMMISSIONER BOYD: Second.

3 CHAIRMAN KEESE: Second, Boyd.

4 All in favor?

5 (Ayes.)

6 CHAIRMAN KEESE: Opposed? Adopted five
7 to nothing. Thank you.

8 MS. TRONAAS: Thank you.

9 CHAIRMAN KEESE: Item 4, appliance
10 efficiency regulations. Possible adoption of a
11 negative declaration for the potential
12 environmental impacts related to the adoption of
13 proposed applicant efficiency regulations has been
14 postponed until December 15, 2004.

15 Anyone wishing to make comments on the
16 negative declaration may comment today, or they
17 may wait until December 15, 2004 business meeting.
18 Any comments received today will be entered into
19 the record and presented at the December 15, 2004
20 meeting.

21 Mr. Van Vleck, you'd like to make
22 comments?

23 MR. VAN VLECK: Thank you, Mr. Chair, if
24 I may. Stan Van Vleck representing the
25 Association of Home Appliance Manufacturers. I

1 appreciate your patience.

2 We really just want to drill down to one
3 issue and it relates to battery chargers. And
4 we've been in discussion with board members, as
5 well as staff, on this.

6 What we are hoping is to be able to get
7 feedback on the information that we have submitted
8 to date. And we have questions regarding the
9 accuracy of the information that would be used for
10 testing. And we've submitted our comments on
11 that; and believe that there are times where
12 editorially we can agree and disagree, but there
13 are also some accuracies and some technical issues
14 where we're still waiting for response back. And
15 we think that will help us for our December 15
16 comments. So, just whatever we can do to get
17 information back to that effect.

18 And also, the second thing is, again
19 making the request that if the federal level
20 something is adopted that this body would take a
21 look at the standards that are adopted at the
22 federal level. We'd appreciate having that
23 assurance. Not that they would be adopted. We
24 realize this body has an independent mind and
25 appreciate that and respect that. It's just a

1 matter that it would be looked at.

2 CHAIRMAN KEESE: Okay. Is that
3 informational or would you like me to seek a
4 response to your query now?

5 MR. VAN VLECK: We would love a
6 favorable response either -- at the pleasure of
7 the board -- or the Commission, either now or the
8 15th, whichever works best for you.

9 COMMISSIONER PFANNENSTIEL: Mr.
10 Chairman.

11 CHAIRMAN KEESE: Commissioner
12 Pfannenstiel.

13 COMMISSIONER PFANNENSTIEL: This will be
14 discussed at the 15th, at our next business
15 meeting. We appreciate the additional information
16 and we have been working with you in the
17 information you've already provided.

18 MR. VAN VLECK: Great, thank you very
19 much. Then it's we would just go ahead and wait
20 till the 15th.

21 CHAIRMAN KEESE: Thank you.

22 MR. VAN VLECK: Thank you.

23 CHAIRMAN KEESE: Item 5, City of San
24 Carlos has been withdrawn. Interestingly this
25 project will continue to go forward, I understand.

1 But San Carlos was able to find additional
2 funding, separate funding from ours, and that is
3 more appropriate for them, and frees up more
4 resources for us to have a similar project.

5 Anybody care to add to that?

6 COMMISSIONER BOYD: In other words they
7 got a better deal?

8 CHAIRMAN KEESE: They got a better deal.

9 (Laughter.)

10 CHAIRMAN KEESE: Item 6, Town of Yucca
11 Valley. Possible approval of a loan to the Town
12 of Yucca Valley for \$120,328 to install a 55-
13 kilowatt photovoltaic solar system on the town
14 hall roof. Project is estimated to save about
15 \$13,490 annually, and has a simple payback of 8.9
16 years. And they didn't get a better deal. Mr.
17 Wang.

18 MR. WANG: They did get a better deal.
19 They got a grant from the Department of Energy.

20 CHAIRMAN KEESE: Yeah.

21 MR. WANG: Yeah. Good morning,
22 Commissioners. My name is Joseph Wang and I'm the
23 project manager for this loan.

24 The Town of Yucca Valley has requested
25 \$120,328 loan to install a 55 kW photovoltaic

1 solar system on the town hall roof. And to
2 maximize the energy production they will tilt the
3 panels at about 22 degree angles south-southwest.

4 So, this project has a shorter payback
5 than other solar project because they have
6 received a DOE grant of \$245,000. They expect to
7 save about \$13,490 annually, and has a payback of
8 8.9 years.

9 And the staff has reviewed this project
10 and recommend this loan be approved.

11 CHAIRMAN KEESE: Thank you.

12 COMMISSIONER PFANNENSTIEL: Mr.
13 Chairman, I move approval.

14 CHAIRMAN KEESE: Motion, Pfannenstiel.

15 COMMISSIONER ROSENFELD: Second.

16 CHAIRMAN KEESE: Second, Rosenfeld.

17 All in favor?

18 (Ayes.)

19 CHAIRMAN KEESE: Opposed? Adopted five
20 to nothing. Thank you.

21 MR. WANG: Thank you.

22 CHAIRMAN KEESE: Item 7, Beacon Matrix
23 Services. Possible approval of contract 500-04-
24 009 for, and I correct that figure, \$1,232,854 to
25 demonstrate the benefits of applying flywheel

1 energy storage system as an energy stabilizing
2 asset to provide the California Independent System
3 Operator new frequency regulation operations
4 during times of rapidly varying electrical loads.

5 Good morning.

6 MR. KULKARNI: Good morning,
7 Commissioners. My name is Pramod Kulkarni. I
8 work with the PIER program. I also manage the
9 electrical and (inaudible) initiative for the PIER
10 program. And this specific project is part of the
11 initiative.

12 The staff is seeking approval of
13 demonstration projects which will demonstrate a
14 flywheel stability to provide ancillary services,
15 specifically frequency control, to the Cal-ISO
16 grid system.

17 Right now Cal-ISO buys the services in
18 open market on bid basis. Spends about \$60- to
19 \$90-million on all the ancillary services
20 depending on the price.

21 If this technology is proven to be
22 viable and economically cost effective, in that
23 case Cal-ISO might be able to save money on its
24 ancillary services.

25 This is a project which is also partly

1 being matched fund by the U.S. Department of
2 Energy, will help us monitor this particular
3 system over 18 months after its installation. And
4 the other ISOs is also interested in this
5 particular technology.

6 Because of all these benefits the staff
7 is seeking approval to go ahead with this
8 demonstration.

9 CHAIRMAN KEESE: Thank you. Any
10 discussion?

11 COMMISSIONER ROSENFELD: Mr. Chairman,
12 this has gone through the R&D Committee and I move
13 the item.

14 CHAIRMAN KEESE: Motion, Commissioner
15 Rosenfeld.

16 COMMISSIONER GEESMAN: Second.

17 CHAIRMAN KEESE: Second, Commissioner
18 Geesman.

19 All in favor?

20 (Ayes.)

21 CHAIRMAN KEESE: Opposed? Adopted five
22 to nothing.

23 MR. KULKARNI: Thank you.

24 CHAIRMAN KEESE: Thank you. Very good
25 project.

1 Item 8, Palmdale Water District.

2 Possible approval of contract 500-04-011 for
3 \$979,047 to develop, field test and operate an
4 ultracapacitor-based electric energy storage
5 system that integrates wind, hydro and DG
6 technologies into a microgrid network.

7 MR. CHAMBERS: Good morning, Chairman,
8 good morning, Commissioners. My name is David
9 Chambers. I'm with the energy system integration
10 group under the PIER program.

11 This project comes under the electric
12 energy storage program being managed by Pramod
13 Kulkarni. I'd like to read into the record that
14 the DG in the introductory paragraph should be
15 distributed generation.

16 I'm here before you to ask for approval
17 for this project. It is in partnership with the
18 Department of Energy. And I'd move for approval.

19 CHAIRMAN KEESE: Thank you.

20 COMMISSIONER ROSENFELD: Mr. Chairman,
21 this has gone through the R&D Committee and we're
22 convinced, and so I move the item.

23 CHAIRMAN KEESE: Motion, Commissioner
24 Rosenfeld.

25 COMMISSIONER GEESMAN: Second.

1 CHAIRMAN KEESE: Second, Commissioner
2 Geesman.

3 All in favor?

4 (Ayes.)

5 CHAIRMAN KEESE: Opposed? Adopted five
6 to nothing.

7 The minutes, you have revised minutes in
8 front of you. Do I have a motion?

9 COMMISSIONER PFANNENSTIEL: I so move.

10 CHAIRMAN KEESE: Motion, Pfannenstiel.

11 COMMISSIONER ROSENFELD: Second.

12 CHAIRMAN KEESE: Second, Rosenfeld.

13 All in favor?

14 (Ayes.)

15 CHAIRMAN KEESE: Opposed? Adopted five
16 to nothing.

17 Just as a note at this time we will have
18 an executive session to discuss a matter with
19 legal implications after this meeting.

20 Commission Committee and Oversight. I
21 just want to mention to everybody that the Hewlett
22 Foundation, in conjunction with an entity called
23 The Governor's Ethanol Coalition, which is
24 approximately 30 states, has started on a three-
25 month effort to craft a strategy for the federal

1 government on the biomass production of ethanol
2 from cellulosic sources.

3 I've been asked to serve on a ten-member
4 or so committee that attempts to put this thing
5 together. And staff has done extremely fine work
6 in putting together documentation that we have and
7 working with the sponsors of this to see that the
8 committee that's working on it is presented a
9 good, broad sector approach to what's out there.

10 In fact, staff's work product is so good
11 we're going to create a similar product for all
12 the Commissioners so that you can see what the
13 material is out there and get an idea of where
14 we're going.

15 I'll keep you posted as this project
16 evolves. It's going to be completed by March, so
17 it's a short-term project.

18 Do we have anything else under
19 Commission Committee and Oversight?

20 Chief Counsel's report.

21 MR. BLEES: Thank you, Mr. Chairman.
22 Mr. Chamberlain is in Portland at a meeting of the
23 Western Electricity Coordinating Council. You
24 noted the need for a short closed session, and
25 other than that I have no report.

1 CHAIRMAN KEESE: Thank you. Executive
2 Director's report.

3 MR. THERKELSEN: Good morning,
4 Commissioners. Two items.

5 As you remember on December 7th will be
6 the next joint hearing on the Energy Action Plan.
7 It will be held in San Francisco. And while the
8 CPA is no longer an energy entity, I understand
9 that Sunne McPeak will be present and representing
10 the Business and Transportation and Housing
11 Agency. Anyway, Sunne will continue to be
12 involved in that activity.

13 The other item I had was a brief update.
14 As you recall on November 3rd you adopted forms
15 and instructions related to retail electricity
16 price forecast data. And the due date for the
17 load-serving entities to submit that data to us
18 was on November the 24th.

19 Actually we have now received that
20 information from half of the LSEs in the state.
21 Probably the two most notable ones are San Diego
22 Gas and Electric Company and SMUD. The others are
23 still waiting to -- or I should say are working on
24 the information to submit to us.

25 This is critical information to us.

1 It's important that we have it in a timely manner
2 so we can do our work on the energy report. And
3 what I'd like to do, or put on the agenda for the
4 15th, although I know it's a lengthy agenda, we're
5 still going to put an item on there giving you a
6 status report on where we are on the load-serving
7 entities submitting this information so we can
8 decide based on that status what further actions,
9 if any, may be necessary on this matter.

10 That's all I had to report.

11 CHAIRMAN KEESE: Thank you. Do we have
12 anything on Leg? No report.

13 Public Adviser's report.

14 MS. KIM: I have nothing.

15 CHAIRMAN KEESE: Thank you. Public
16 comment at this time?

17 Seeing none, this meeting is adjourned
18 subject to a meeting in my office for an executive
19 session.

20 Thank you, everyone.

21 (Whereupon, at 10:20 a.m., the business
22 meeting was adjourned subject to
23 subsequent executive session.)

24 --o0o--

CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,
do hereby certify that I am a disinterested person
herein; that I recorded the foregoing California
Energy Commission Business Meeting; that it was
thereafter transcribed into typewriting.

I further certify that I am not of
counsel or attorney for any of the parties to said
meeting, nor in any way interested in outcome of
said meeting.

IN WITNESS WHEREOF, I have hereunto set
my hand this 5th day of December, 2004.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345